

- b. Comparisons shall be made on an annual basis beginning with the first placement of a flock under this Agreement. Your annual period for the purpose of the comparison shall be two (2) consecutive flocks.
 - c. Our average cost will be calculated every twelve (12) months coincident with our fiscal year, which begins on or about the first day of November and ends on October 31st. Our current average supply costs are detailed on Appendix 3 entitled "Jennie-O's Average Cost for the Past Twelve Months."
 - d. You will qualify for a bonus payment if your annual average flock supply costs are at least three and one-half percent (3.5%) lower than our average supply costs. The specific amount of bonus that you can qualify for is detailed on Appendix 4 entitled "Supply Cost Bonus Payment".
 - e. Payment of bonus shall be calculated by us no later than thirty (30) days following the end of each annual growing period.
7. We will pay you a bonus if you are able to grow a flock with acceptable footpads of BFR hens and toms. Quality of footpads will be measured by our management personnel prior to turkeys being loaded on live haul trucks for transfer to our breeder farms. The specific amount that you can qualify for and earn is outlined in Appendix 5 entitled "Quality Incentive Payment." Payment shall be calculated by us no later than fourteen (14) days following the transfer of each flock (twice annually).
8. Payment to you. We will pay you for performance of this Agreement as follows:
- a. Cash Payments
 - (1) We will pay you for each head of turkey delivered to us. Payment shall be based upon the schedule outlined in Appendix 6 entitled "Per Head Payment Schedule".
 - (2) The number of head of live healthy turkeys delivered shall be the number of turkeys moved at the time of transfer and shall be determined by our personnel as turkeys are loaded on live-haul trucks for transfer to our breeder farms.
 - b. Building Payment
 - (1) During the first seven years of this Agreement, we shall pay you \$_____ on the first day of the month following the month in which the building is certified as ready for occupancy by turkeys. We will continue on the first day of each month until we have made eighty-four (84) payments or the contract is terminated, whichever occurs first. If, however, you lose growing rights due to